



ITG News

Keeping First Nations Informed



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Great Lakes Edition

October 2003

Message From The Director



Welcome to the initial issue of our quarterly *ITG News* for Indian Tribes located within the Great Lakes area. As the IRS Office of Indian Tribal Governments moves to expand its efforts to assist federally-recognized tribes with addressing federal tax administration issues, we will continue to explore new methods to effectively communicate with tribes, and ensure the timely distribution of information. I hope that you find this newsletter to be a valuable tool.

We have a number of other information mechanisms available to assist you. We are continuing to enhance our web site for tribes at www.irs.gov/tribes, which includes recent information on regulatory issuances, links to common tax forms, answers to Frequently Asked Questions, return filing addresses, and updates on the Advisory Committee to the TEGE Commissioner, a group that includes two representatives from Indian tribes. We also offer toll-free telephone assistance at (877) 829-5500.

We want this to be your newsletter, so if there are any areas you would like addressed, please let us know. As always, I welcome your feedback on our operations, and particularly your suggestions on how we might improve our service to you. Please feel free to contact any of our Specialists at any time, or you may always contact me at (202) 283-9800, or via e-mail at christie.jacobs@irs.gov.

Christie Jacobs

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Consultation Listening Meeting in Duluth

The IRS office of Indian Tribal Governments will be holding a open discussion in Duluth on October 15th on the formulation of an IRS/Tribal Consultation policy.

See page 2 for details



Update on Consultation Listening Meetings

Based on the recommendations of the Advisory Committee to the Tax Exempt Government Entities Commissioner, we are currently holding a series of 12 “listening” meetings that are designed to allow tribal input into the scope and process that might be employed in an eventual IRS/Tribal Consultation Policy.

We have completed six of the meetings and have received valuable ideas. However, there are still six additional meetings that will be held during the next three months as follows:

Wednesday October 15th
1:00-4:00pm
Holiday Inn – Duluth, Minnesota
200 West First Street

Thursday October 23rd
1:00-4:00pm
Westmark Hotel – Anchorage, Alaska
720 West 5th Street

Tuesday November 18th
1:00-4:00pm
U.S. Mint Building – Washington, D.C.
801 9th Street NW

Tuesday December 9th
9:30am-12:30pm
Courtyard by Marriott – Albuquerque, New Mexico
1920 Yale Blvd SE

Wednesday December 10th
Navajo Nation
Time and Location TBA

Thursday December 11th
1:00-4:00pm
Hilton Phoenix East – Mesa, Arizona
1011 West Holmes Avenue

If you are interested in participating, you can attend any of the remaining meetings by registering on-line through the registration link on our web site at www.irs.gov/tribes. You can also submit input through the e-mail link on the bottom of the registration page. Once all of the meetings are completed, we will be posting a summary of the input received to our web site, and inviting additional comments before any drafting process begins.



ITG Customer Satisfaction Survey Results

In July we mailed our first ever Customer Satisfaction Survey to each of the 564 federally-recognized tribes. This effort was part of our desire to have our customers provide us with direct feedback on how well we are doing our job and meeting their needs and expectations.

The overall level of satisfaction was very high. However, that does not mean that we cannot improve. In fact, the survey results provided us with several areas where we will be undertaking actions. Many of those actions are included in a summary that we posted to our web site at www.irs.gov/tribes, but we also want to share some of the more significant actions that we are planning.

First, we will be making a renewed effort to ensure that every tribe is aware of our office and our mission. We will attempt to accomplish this through a marketing effort that will provide tribal contacts with readily accessible information on contact points and work hours for their assigned field specialists. We will also provide information on back-up contacts in the event that the primary contact is not available.

Second, we are initiating steps to improve access to our office and tax information through our web site. Many of our existing features, including our e-mail link, will be redesigned to attempt to improve their visibility, and the ability of our customers to locate the information that is utilized the most often. We will also be focusing efforts on working with tribes to remedy the cause of penalties, and to better address the tax issues for their members. Other actions are listed on our web site.

We want to thank each tribe that took the time to complete and return the survey. Your feedback is very important to us, and we look forward to your continuing feedback in the future.

Receiving a Notice From IRS

Tribal governments or other tribal entities occasionally receive notices from the Internal Revenue Service. These notices arise from various situations such as failure to deposit payroll taxes timely and late filing or non-filing of various returns. The two most important things to do are:

- Determine, through a review of your records, if the notice is correct, AND
- Respond to the notice on or before the date required.

Failure to respond timely can lead to the assessment of unnecessary penalties and interest. Failure to review records to ensure the correctness of the notice can lead to payment of unnecessary penalties. If the notice is determined to be correct and additional tax, penalties and interest are due; payment should be made within the time frame shown in the notice.

Indian Tribal Government specialists and other IRS personnel are ready to assist you in understanding the notices and determining the correctness of the notices. If problems exist and corrections need to be made to eliminate future problems, ITG specialists are available to provide guidance and training to your staff. (See listing of ITG specialists on page 5).

ITG specialists are also available to assist when a timely response to an incorrect notice does not achieve a resolution to the situation. The specialist can review your response and help you file the proper forms to resolve the issue or ensure the case is routed to the proper office for resolution.

1099 & W-2G Mismatch Notices to be Mailed in Sept & Oct

Did you file 1099's or W-2G's for 2002? Have you received a letter from the IRS that includes a list of missing or incorrect payee TIN(s) a mile long... Confused? ITG would like to help.

Payments made for gambling winnings, per capita payments, non-employee compensation and others may be subject to reporting on Form 1099 or Form W-2G. These types of payments may also be subject to **backup withholding** if a proper taxpayer identification number (TIN) is not given. A Form W-9 or similar substitute is often used to request verification of a customer's name and TIN.

Even with a valid W-9, a TIN/name mismatch can occur when the Form 1099 or W-2G is filed with the IRS. Why do mismatches occur? Perhaps, because...


- The payee inadvertently provided an incorrect number;
- The payee provided the correct number, but a typing or operator error has resulted in an incorrect number on the Form 1099 or W-2;
- The payee had a recent name change (i.e. marriage or divorce) and has not notified Social Security;
- The payee is a sole proprietor and uses a business name instead of his/her individual name.
- The payee has purposely provided an incorrect number hoping to avoid detection by IRS or others.

Regardless of the reason, if a TIN/name combination cannot be found on IRS or Social Security Administration files a **CP2100 or CP2100A** notice will be sent to you—the payer.

What should you do if you receive a CP2100 or CP2100A notice?

| What's the problem? | Compare the IRS listing to your records and... | Then... |
|---------------------|---|--|
| Missing TINs | Begin or continue backup withholding immediately | Solicit TIN from payee... <ol style="list-style-type: none"> 1. Initially (when payment was made) 2. First Annual Solicitation by December 31 of the year payment is made (for 2002 payments this was 12/31/02). 3. Second Annual Solicitation by December 31 of the following year (for 2003 payments this date is 12/31/03). |
| Incorrect TINs | <i>If they agree</i> (the TIN/name combination on the list match the W-9, W-2G, or other documents in your records) | Send the 1st or 2nd "B" Notice to the payee: <ol style="list-style-type: none"> 1. You have 15 business days to send a "B" Notice to a payee, include a Form W-9. 2. Backup withhold from any reportable payments if the payee certification is not returned to you within 30 days after you receive the CP2100/2100A. 3. Do not backup withhold if the payee furnishes the required certification (<i>Form W-9 in response to the 1st "B" Notice, or Form SSA-7028 or IRS Letter 147C in response to the 2nd "B" Notice</i>) 4. Keep these documents on file to show you have met the requirements for reasonable cause when the proposed missing or mismatch penalty notices are sent. 5. The 2nd "B" Notice should be sent to the payee if this is the second CP2100/2100A Notice you have received within three calendar years for this payee. |
| | <i>If they do not agree</i> , if could be because- <ol style="list-style-type: none"> 1. You put the incorrect information on the return; 2. The information changed after you filed it; or, 3. IRS misprinted the information in processing | <ol style="list-style-type: none"> 1. Correct & update your records. 2. Use the correct TIN/name information for future filing. 3. Make a note of the error in your records. |

(Continued on page 5)



(Continued from page 4)

Following and documenting these procedures is a very important step to establishing "reasonable cause" when the Proposed Missing and Incorrect TIN Penalty notices are mailed out next August.

Detailed information about "B" notices and backup withholding can be found in IRS Publication 1679. This publication can be accessed on the IRS web site at <http://www.irs.gov/pub/irs-pdf/p1679.pdf> or by calling the ITG Specialist in your area.

ITG Area Contacts

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Telephone, Internet, & Mailing Address

- **Call: Customer Account Services** toll free **877-829-5500**
- **Visit: Indian Tribal Governments** Web site at **www.irs.gov/tribes**
- **Write: Internal Revenue Service**
 - Indian Tribal Governments T:GE:ITG
 - 1111 Constitution Ave., NW
 - Washington, DC 20224



Patriot Act Communication System

With the passage of the USA PATRIOT Act of 2001, the Financial Crimes Enforcement Network (FinCEN) was tasked with developing a highly secure network to allow filing institutions to electronically file Bank Secrecy Act (BSA) forms, in particular Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs).

In order to meet these requirements, FinCEN has developed the Patriot Act Communication System ("PACS"). The system will allow:

- Filing institutions and other organizations to electronically file CTRs and SARs in a highly secure fashion over the Internet. This includes both single forms as well as batches of forms (i.e., multiple CTRs or SARs contained in electronic batches).
- FinCEN to issue advisories and PACS system updates to the PACS user community
- Members of filing institutions to send secure messages to FinCEN (and receive responses where appropriate).

Effective October 1, 2003 PACS will include the following new forms:

- FinCEN Form 101 (SAR by the Securities and Futures Industries)
- FinCEN Form 102 (SAR by Casinos and Card Clubs)
- FinCEN Form 103 (CTR by Casinos), and
- Form TDF 90-22.56 (SAR by Money Services Business).

How PACS Will Work

Accessing PACS: The PACS system will be hosted on a secure website on the Internet. Filing institution personnel will be able to access PACS only after they have applied for and received a digital certificate from a Government-approved certificate authority.

Using PACS to File BSA Forms: Some institutions regularly file thousands of electronic CTRs and dozens of SARs at a single time. Other institutions file only a small number of electronic or paper-based CTRs and SARs yearly. For both, PACS will serve as another, more efficient conduit for filing BSA forms with the Government. Filing institutions will not be required to file BSA forms using PACS; it will instead be another avenue available to them for filing. All BSA forms and data submitted to PACS are encrypted for protection. At the end of each day, PACS will deliver all submitted BSA data to the IRS Detroit Computing Center for processing. Electronic notification of filings will be provided by PACS to filing institutions.

Alerts and Secure Messaging: FinCEN will use PACS to issue alerts consisting of FinCEN advisories, PACS System updates, and other communications to the PACS user community.

For further information about filing through PACS, visit <http://pacs.treas.gov>. If you have any questions concerning the system, please contact the PACS Help Desk at 1-888-827-2778 (option 6) or via e-mail at PACSHelp@notes.tcs.treas.gov.

New Casino Report Form Implemented

Effective October 1, 2003, FinCEN Form 103 has replaced Form 8362 (Currency Transaction Report for Casinos). A link to the new form is available on the ITG web site at www.irs.gov/tribes.

Federal Tax Calendar for Fourth Quarter 2003

October 2003

| SUN | MON | TUE | WED | THU | FRI | SAT |
|-----|-----|-----|--|-----------------------------------|--|-----|
| | | | 1 | 2 | 3 * Payroll date 9/27 - 9/30 | 4 |
| 5 | 6 | 7 | 8 * Payroll date 10/1 - 10/3 | 9 | 10 * Payroll date 10/4 - 10/7 Employees report September tips to employer | 11 |
| 12 | 13 | 14 | 15 ** Monthly payroll tax deposit for September | 16 * Payroll date 10/8 - 10/10 | 17 * Payroll date 10/11 - 10/14 | 18 |
| 19 | 20 | 21 | 22 * Payroll date 10/15 - 10/17 | 23 | 24 * Payroll date 10/18 - 10/21 | 25 |
| 26 | 27 | 28 | 29 * Payroll date 10/22 - 10/24 | 30 | 31 * Payroll date 10/25 - 10/28 | |

November 2003

| SUN | MON | TUE | WED | THU | FRI | SAT |
|-----|---|-----|------------------------------------|----------------------------------|------------------------------------|-----|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 * Payroll date 10/29 - 10/31 | 6 | 7 * Payroll date 11/1 - 11/4 | 8 |
| 9 | 10 Employees report October tips to employer | 11 | 12 | 13 * Payroll date 11/5 - 11/7 | 14 * Payroll date 11/8 - 11/11 | 15 |
| 16 | 17 ** Monthly payroll tax deposit for October | 18 | 19 * Payroll date 11/12 - 11/14 | 20 | 21 * Payroll date 11/15 - 11/18 | 22 |
| 23 | 24 | 25 | 26 * Payroll date 11/19 - 11/21 | 27 | 28 | 29 |
| 30 | | | | | | |

* = Make a Payroll Deposit if you are under the semi-weekly deposit rule. ** = Make a Monthly Deposit if you qualify under that rule.

NOTE: Deposits made through EFTPS are due one day prior to the dates listed.

December 2003

| SUN | MON | TUE | WED | THU | FRI | SAT |
|-----|---|-----|---|-----|----------------------------------|-----|
| | 1 * Payroll date 11/22-11/25 | 2 | 3 * Payroll date 11/26-11/28 | 4 | 5 * Payroll date 11/29-12/2 | 6 |
| 7 | 8 | 9 | 10 * Payroll date 12/3 - 12/5 > Employees report November tips to | 11 | 12 * Payroll date 12/6 - 12/9 | 13 |
| 14 | 15 ** Monthly payroll tax deposit for November | 16 | 17 * Payroll date 12/10-12/12 | 18 | 19 * Payroll date 12/13-12/16 | 20 |
| 21 | 22 | 23 | 24 * Payroll date 12/17-12/19 | 25 | 26 | 27 |
| 28 | 29 * Payroll date 12/20-12/23 | 30 | 31 * Payroll date 12/24-12/26 | | | |

* = Make a Payroll Deposit if you are under the semi-weekly deposit rule.

** = Make a Monthly Deposit if you qualify under that rule.

NOTE: Deposits made through EFTPS are due one day prior to the dates listed

Return Filing Dates

By October 31

File Form 941 for the third quarter of 2003. If the tax was deposited in full and on time, file by November 10.

File Form 730 on applicable wagers accepted during September 2003.

By November 30

File Form 730 for applicable wagers accepted during October 2003.

By December 31

File Form 730 for applicable wagers accepted during November 2003.

To add your name or e-mail address to our mailing list, please contact us via e-mail at robert.d.bixby@irs.gov, or call Robert Bixby at (920) 433-3810

Account or Tax Questions??
Call Customer Account Services at 1-877-829-5500